

Message Text

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PAGE 01 STATE 070933
ORIGIN TRSE-00

INFO OCT-01 EA-10 ISO-00 EB-08 XMB-02 AID-05 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 USIA-06 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-05 H-01
L-03 NSC-05 PA-01 SS-15 STR-07 DOE-15 SOE-02
/110 R

TREASURY

DRAFTED BY TREASURY:MRYSS/CG
APPROVED BY EB/IFD/ODF:AFWATSON
TREAS:GHUFBAUER
XMB:JDUFF
STATE:TPARKER
EA/J:HCOCHRAN
EA/PRCM:GFOX
-----062807 201822Z /47
R 201703Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO
INFO USLO PEKING

C O N F I D E N T I A L STATE 070933

E.O. 11652: GDS

TAGS: ETRD, JA, CH

SUBJECT: SINO-JAPANESE LONG TERM TRADE AGREEMENT (LTA)

REF: TOKYO 3490
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1. EMBASSY REQUESTED CONVEY
GOVERNMENT FOR STANDING FIRM IN THE LTA NEGOTIATIONS
AGAINST CHINESE PRESSURE NOT TO CONFORM WITH THE TERMS OF
THE EXPORT CREDIT ARRANGEMENT IN PROVIDING FINANCING. IN SO
DOING, THE EMBASSY IS ALSO REQUESTED TO URGE THAT THE
JAPANESE GOVERNMENT MAINTAIN THIS POSTURE.

2. ALLEGATIONS THAT COMPETITOR COUNTRIES WILL NOT OBSERVE

THE EXPORT CREDIT ARRANGEMENT IS USUAL TECHNIQUE USED BY BUYING COUNTRY AND NATIONAL EXPORTER TO PRESSURE GOVERNMENTS TO IMPROVE CREDIT TERMS. USG CANNOT VOUCH THAT NONE OF 19 OTHER PARTICIPANTS IN ARRANGEMENT WILL OFFER EXPORT CREDITS ON TERMS WHICH GO BEYOND THE ARRANGEMENT, BUT WE BELIEVE ALL GOVERNMENTS WILL OBSERVE THE TERMS OF THE ARRANGEMENT IN THEIR DEALINGS WITH CHINA, PARTICULARLY THE MINIMUM INTEREST RATE PROVISIONS.

3. IN ANY EVENT, THERE WOULD UNDOUBTEDLY BE A VERY NEGATIVE INTERNATIONAL REACTION TO AN AGREEMENT BY JAPAN

WHICH BREACHED THE TERMS OF THE RECENTLY CONCLUDED ARRANGEMENT. IN THE LIGHT OF THE SERIOUS ADVERSE REPERCUSSIONS OF SUCH A JAPANESE ACTION ON THE EXPORT CREDIT ARRANGEMENT, THE USG WOULD BE VERY SERIOUSLY DISTURBED EVEN THOUGH US EXPORTS WOULD NOT BE DIRECTLY AFFECTED.

4. WE WOULD APPRECIATE ANY FURTHER INFORMATION THE EMBASSY CAN OBTAIN ON THE FINANCING TERMS OFFERED BY GOJ TO CHINA.

VANCE

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NNN

Message Attributes

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Disposition Approved on Date:
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